

Message Text

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ACTION EA-12

INFO OCT-01 EUR-12 NEA-10 ISO-00 AGRE-00 EB-08 COME-00
CIAE-00 DODE-00 INR-10 NSAE-00 PA-01 USIA-06
SP-02 TRSE-00 OMB-01 STR-07 SS-15 NSC-05 /090 W
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R 070559Z MAR 78
FM AMEMBASSY CANBERRA
TO SECSTATE WASHDC 2610
INFO AMEMBASSY LONDON
AMEMBASSY MOSCOW
AMEMBASSY NEW DELHI
AMEMBASSY OTTAWA
AMEMBASSY PARIS

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STATE PASS AGRICULTURE FOR MEEKER AND PARKER

USOECD

EO 11652: NA
TAGS: AGR, ETRD, AS
SUBJECT: VIETNAM APPROACH FOR AUSTRALIAN WHEAT

REF: (A) CANBERRA 0077, (B) NEW DELHI 0376

1. PRESS REPORT UNDER SINGAPORE DATELINE INDICATED THAT
HANOI APPROACHED AUSTRALIAN WHEAT BOARD (AWB) LATE LAST
YEAR SEEKING WHEAT SUPPLY ON COMMERCIAL TERMS THROUGH
INTERNATIONAL TRADER. AWB AND GOA OFFICIALS CONFIRMED
THAT APPROACH HAD BEEN MADE, BUT SALE WAS NEVER SERIOUSLY
CONSIDERED, AS AWB NOT PREPARED TO MEET REQUEST FOR THREE-
YEAR CREDIT TERMS AND IN ANY EVENT WOULD NOT HAVE SUFFICIENT
WHEAT AVAILABLE 1977/78 HARVEST. ACCORDING TO AWB GOV
HAS NOT MADE ANY FURTHER APPROACHES EITHER DIRECT OR THROUGH.

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2. PRESS REPORT SPECULATES REASONS FOR DIRECT APPROACH MAY
HAVE BEEN TO REDUCE DEPENDENCE ON USSR AID ESPECIALLY SINCE
POOR USSR HARVEST MEANT LESS AVAILABLE FOR DIVERSION, OR HOPING
FOR MORE ADVANTAGEOUS TERMS FROM AUSTRALIA THAN IT WAS GETTING
FROM USSR. LATTER ASSUMPTION MAY BE MORE REALISTIC, ESPECIALLY
SINCE LABOR PARTY LEADER INDICATED LATE LAST YEAR THAT

AUSTRALIA SHOULD LOOK TO COUNTRIES LIKE VIETNAM TO INCREASE WHEAT SALES. ALTHOUGH SHORTAGE OF WHEAT PROBABLY A FACTOR IN REJECTION OF GOV PROPOSAL, MAJOR REASON WOULD BE UNCERTAINTY ABOUT PAYMENT AND EXTENDED CREDIT TERMS. CREDIT WOULD HAVE TO BE FINANCED BY AWB, I.E. GROWERS FUNDS, WHILE GOA MAY ALSO HAVE BEEN RELUCTANT TO INSURE UP TO 80 PERCENT OF AMOUNT INVOLVED UNDER EFIC. REPORT GAVE SOME PROMINENCE TO ANNOUNCEMENT BY PHAM VAN DONG DURING NEW DELHI VISIT IN FEBRUARY THAT GOI HAD AGREED TO LOAN GOV 300,000 TONS OF WHEAT IN ADDITION TO 100,000 TONS OFFERED IN SEPTEMBER 1977, AND REVIVED SPECULATION, THIS MAY BE OFFSET AGAINST INDIAN DEBT TO USSR.

3. OTHER INTERESTING POINT MADE IN REPORT WAS STATEMENT THAT AT LEAST PART OF AUSTRALIAN WHEAT SALE OF 62,000 TONS OF OFF-GRADE FEED WHEAT TO SINGAPORE LAST YEAR WAS RE-EXPORTED TO VIETNAM. AWB CONFIRMED THIS WAS SO, BUT COULD NOT GIVE EXACT DETAILS. AWB INDICATED SOME OF THIS WAS SLIGHTLY WEATHER DMAGED, AND ALTHOUGH SOLD AS FEED WHEAT WOULD HAVE BEEN SUITABLE FOR MILLING INTO FLOUR FOR LESS QUALITY CONSCIOUS MARKETS.

4. CURRENT AUSTRALIA/USSR 0.5 MILLION TON CONTRACT PROVIDES FOR DIVERSION TO OTHER DESTINATION, BUT SINCE DECEMBER 1 NO WHEAT HAS BEEN SHIPPED TO VIETNAM, NORTH KOREA OR CUBA. SHIPMENTS MADE TO DATE HAVE ALL GONE TO NAKHODKA (56,086)MT).

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COMMENT: IT IS SOMEWHAT SURPRISING STORY SURFACING AT THIS TIME COVERING EVENTS WHICH TOOK PLACE LAST OCTOBER AND NOVEMBER. GOA OFFICIALS SUSPECT GOV FISHING EXPEDITION, ARTICLE RECEIVED FRONT PAGE COVERAGE FINANCIAL REVIEW (MOST PROMINENT FINANCIAL DAILY). IF SO, THIS MAY INDICATE GOV STILL DESPERATELY SEEKING WHEAT SUPPLIES AND HOPING TO ELICIT MORE FAVORABLE RESPONSE TO FURTHER APPROACH. ON PRESENT INDICATIONS AWB POSITION WILL REMAIN UNCHANGED FROM THAT OF LAST OCTOBER.

ALSTON

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